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BEFORE THE ARIZONA CORPORATION COMMISSION

DOUG LITTLE  
Chairman  
BOB STUMP  
Commissioner  
BOB BURNS  
Commissioner  
TOM FORSEE  
Commissioner  
ANDY TOBIN  
Commissioner

IN THE MATTER OF THE APPLICATION  
OF UNS ELECTRIC, INC. FOR APPROVAL  
OF REVISED RIDER R-3 FOR NET  
METERED CUSTOMERS.

DOCKET NO. E-04204A-16-0115

DECISION NO. 75595

ORDER

Arizona Corporation Commission

**DOCKETED**

JUN 27 2016

Open Meeting  
June 14, 2016 and June 15, 2016  
Phoenix, Arizona

DOCKETED BY

*KE*

BY THE COMMISSION:

FINDINGS OF FACT

1. UNS Electric, Inc. ("UNS" or "Company") is certificated to provide electric service as a public service corporation in the State of Arizona.

**Background**

2. On April 1, 2016, UNS filed an application for approval of its revised Rider R-3 Market Cost of Comparable Conventional Generation ("MCCCG") which is used in conjunction with Rider R-4, Net Metering for Certain Partial Requirements Service ("NM-PRS"). UNS' Rider R-3 specifies the methodology for calculating the rate to be paid for purchases of excess energy from Net Metering Facilities. The rate is listed on the UNS Statement of Charges. The last revision of the Rider R-3 rate was approved by the Commission's Decision No. 75090 (May 19, 2015).

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1           3.     For Net Metering customers, each calendar year, for customer bills produced in  
2     October (September usage) or for a customer's final bill upon discontinuance of service, the Company  
3     credits the customer for any balance of excess kWhs remaining. The payment for the purchase of  
4     these excess kWhs is at the Company's applicable avoided cost. UNS has defined its avoided cost as  
5     the average hourly market cost of comparable conventional generation as specified on its Rider R-3  
6     applicable to NM-PRS. Rider R-3 indicates that the MCCCCG will be filed annually (by April 1) by  
7     UNS for approval by the Commission.

### 8     **Proposed Tariff**

9           4.     UNS' proposed revision to the Rider R-3 rate reflects a lower MCCCCG and therefore  
10    decreases the avoided cost rate from \$0.03003 per kWh to \$0.0248272 per kWh for purchases of  
11    excess energy from Net Metering Facilities.

12          5.     Staff has reviewed UNS' hourly marginal costs that resulted in the \$0.0248272 rate and  
13    finds the data and calculations to be reasonable.

### 14    **Recommendations**

15          6.     Staff has recommended that UNS' revised Rider R-3 MCCCCG as applicable to Rider  
16    R-4 NM-PRS be approved.

17          7.     Staff has further recommended that the avoided cost rate of \$0.0248272 per kWh  
18    should be effective as of June 1, 2016.

19          8.     Staff has further recommended that UNS file a Statement of Charges consistent with  
20    the Decision in this case within 30 days of the effective date of the Decision.

### 21                   CONCLUSIONS OF LAW

22          1.     UNS Electric, Inc. is an Arizona public service corporation within the meaning of  
23    Article XV, Section 2, of the Arizona Constitution.

24          2.     The Commission has jurisdiction over UNS and over the subject matter of the  
25    application.

26          3.     Approval of the revised Rider R-3 MCCCCG does not constitute a rate increase as  
27    contemplated by A.R.S. Section 40-250.

1           4.     The Commission, having reviewed the application and Staff's Memorandum dated  
2 May 31, 2016, concludes that the revised Rider R-3 MCCCCG should be approved as discussed herein.

3                                 ORDER

4           IT IS THEREFORE ORDERED that UNS Electric Inc.'s revised Rider R-3 Market Cost of  
5 Comparable Conventional Generation as applicable to Rider R-4 is approved as discussed herein.

6           IT IS FURTHER ORDERED that the avoided cost rate of \$0.0248272 per kWh is effective  
7 as of June 1, 2016.

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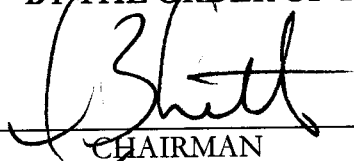
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1 IT IS FURTHER ORDERED that UNS Electric, Inc. shall file in Docket Control a  
2 Statement of Charges consistent with the Decision in this case within 30 days of the effective date of  
3 the Decision.

4 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

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7 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

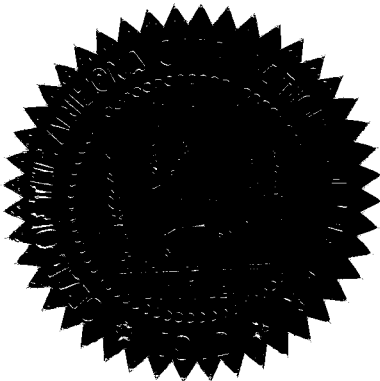
8   
9 CHAIRMAN

  
10 COMMISSIONER

11   
12 COMMISSIONER

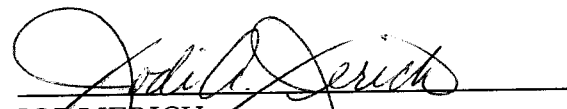
  
COMMISSIONER

  
COMMISSIONER



IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 27<sup>th</sup> day of June, 2016.

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JODI JERICH  
EXECUTIVE DIRECTOR

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

TMB:JJP:red/BES

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